

# MAINE STATE LEGISLATURE

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m  
R/S

L.D. 1595

2 DATE: 2/18/94

(Filing No. S-414 )

4  
6 UTILITIES

8 Reported by: Senator Vose of Washington

10 Reproduced and distributed under the direction of the Secretary  
12 of the Senate.

14 STATE OF MAINE  
16 SENATE  
18 116TH LEGISLATURE  
20 SECOND REGULAR SESSION

22 COMMITTEE AMENDMENT "A" to S.P. 559, L.D. 1595, Bill, "An  
24 Act to Improve the Efficiency of Rate Processing by  
26 Consumer-owned Electric Utilities"

28 Amend the bill by striking out all of section 1 and  
30 inserting in its place the following:

32 'Sec. 1. 35-A MRSA §3502, first ¶, as enacted by PL 1987, c.  
34 141, Pt. A, §6, is amended to read:

36 Notwithstanding section 310, any consumer-owned electric  
38 utility which that proposes to increase rates, tolls or charges  
40 by not more than 15% of the utility's annual operating revenues,  
42 or proposes to decrease rates, tolls or charges in any amount may  
44 elect to set rates pursuant to this section and section 3503.  
46 These sections do not apply to fuel adjustment clauses as  
48 governed by section 3101.'

Further amend the bill in section 2 in subsection 12 in the  
3rd line from the end (page 1, line 25 in L.D.) by striking out  
the following: "provided that this term" and inserting in its  
place the following: '~~provided-that-this-term~~ but'

Further amend the bill in section 3 in subsection 5 by  
striking out all of paragraphs C and D and inserting in their  
place the following:

'C. For consumer-owned electric utilities, except rural  
electrification cooperatives:

**COMMITTEE AMENDMENT**

R.S.

COMMITTEE AMENDMENT "A" to S.P. 559, L.D. 1595

2 (1) To provide each year a sum equal to not less than  
3 2% nor more than 10% of the term indebtedness  
4 represented by the issuance of bonds created or assumed  
5 by the utility, which sum shall must be turned into a  
6 sinking fund and there kept to provide for the  
7 extinguishment of term indebtedness. The money set  
8 aside in this sinking fund and all interest accrued to  
9 this fund shall must be devoted to the retirement of  
10 the term obligations of the utility and may be invested  
11 in such securities as savings banks in the State are  
12 allowed to hold;

13 (2) To provide for annual principal payments on serial  
14 indebtedness created or assumed by the utility; and

15 (3) To provide for a contingency reserve fund to  
16 reflect up to a 5% addition to yearly revenues over  
17 what--is the amount required to operate the electric  
18 utility. Any surplus in excess of 5% shall must be  
19 used to offset future revenue requirements in the  
20 setting of rates. Any interest generated on these  
21 funds shall must be deposited into the contingency  
22 reserve fund. The balance in the contingency reserve  
23 fund at the close of the utility's fiscal year shall  
24 may not exceed 5% of the yearly revenues over what-is  
25 the amount required to operate the electric utility; and

26  
27 D. For rural electrification cooperatives supplying or  
28 authorized to supply energy, to provide for a-contingency  
29 reserve--fund debt service coverage by providing rates to  
30 reflect an additional amount no more than the amount of  
31 yearly long-term interest payments. The total accumulation  
32 amount of funds--shall equity may not exceed the level of  
33 equity required by the lender and in no case may exceed 25%  
34 40% of the long-term---debt rural electrification  
35 cooperative's total assets minus total reserves as shown on  
36 the cooperative's annual report to the commission submitted  
37 pursuant to section 504, subsection 2. Any surplus in  
38 excess shall must be used to offset future revenue  
39 requirements in the setting of rates.'

40  
41 Further amend the bill by inserting at the end before the  
42 statement of fact the following:

43  
44 **FISCAL NOTE**

45  
46 The Public Utilities Commission will incur some minor  
47 additional costs to oversee certain new rate processing  
48 requirements. These costs can be absorbed within the  
49 commission's existing budgeted resources.'

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**STATEMENT OF FACT**

This amendment clarifies that a consumer-owned electric utility that proposes to reduce its rates by any amount may elect to set those rates pursuant to the rate-setting procedures of the Maine Revised Statutes, Title 35-A, section 3502.

The amendment further clarifies the provision of the bill permitting rural electric cooperatives to collect in rates a certain amount to provide for debt service coverage. Under the amendment, the limit on the total amount of equity accumulated is 40% of the cooperative's total assets minus reserves.

The amendment also makes necessary technical changes to conform existing law to current drafting standards and adds a fiscal note to the bill.